



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 2/6/2004

GAIN Report Number: CH4005

China, Peoples Republic of

Grain and Feed

Annual

2004

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Report Highlights:

Grain production fell to its lowest level in a decade in 2003, but despite government encouragement to plant more, grain area is unlikely to increase in 2004 as returns are higher from competing crops. Although consumption is falling, demand exceeds production. Stocks and exports will fall and imports should reach their highest level in several years.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Beijing [CH1]
[CH]

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Overview

Policy

For several years China has been shifting from a policy of self-sufficiency to a more economically rational goal of reducing area devoted to inefficiently-produced row crops and increasing area for higher-value, labor-intensive crops in which China has some comparative advantage.

In 2003, however, the decline in area planted combined with poor weather led to the smallest grain harvest in more than a decade. As grain prices suddenly rose for the first time in years, government announcements once again emphasized self-sufficiency and encouraged production. Nevertheless it is believed that a substantial increase in production is unlikely, as land is limited and competing crops give better returns. Stocks of all grains, which had been enormous, are estimated to have fallen to their lowest levels in years, although how low remains a state secret. In 2004 China will import more wheat than it has in several years. Exports are forecast to decline, and feed millers in the South may import corn before the fall harvest if market conditions are suitable.

In 2003, SARS created a sharp short-term drop in demand for livestock products and therefore feed, but the recovery was so fast that overall feed consumption for the year did not fall. As this report is written it is far too early to predict the ultimate impact of the outbreak of avian influenza on feed demand; large-scale depopulating of poultry flocks would obviously reduce feed demand.

How to address the enormous and growing rural-urban income gap is a stated priority of the current administration, now in office for a year. It appears that an internal debate continues on the extent to which China should rely on market forces to rationalize its grain markets and ultimately transform the rural economy. A more market-oriented approach likely would lead to continuing decline in grain production and an increase in imports. A more traditional "managed" approach might include support programs, although how these would be funded is unclear.

Tariff Rate Quotas (TRQ's)

On entry to the WTO China instituted Tariff Rate Quotas (TRQ) for wheat, rice, corn, and several other commodities. These quotas were phased in and reached final levels, based on 5 percent of historical consumption, in 2004. Quota fill rates for grain have been very low (see table) and U.S. trade officials have pressured Chinese authorities to increase the responsiveness and transparency of the allocation system. A percentage of the quota is reserved for non-state-owned enterprises: 10 percent for wheat, 40 percent for corn and 50 percent for rice (both short and long grain).

Tariff Rate Quota Fill: CY 2002 and 2003 (MT)							
	2002			2003			2004
	TRQ	IMPORTS	FILL	TRQ	IMPORTS	FILL	TRQ
Wheat	8,468,000	660,947	8%	9,052,000	472,601	5%	9,636,000.00
Corn	5,850,000	6,322	<1%	6,525,000	120	<1%	7,200,000.00
Rice	3,990,000	237,867	6%	4,655,500	258,570	6%	5,320,000.00

Biotechnology

China remains a leading investor in agricultural biotechnology research, but continues to go slow on commercialization of food crops; so far only transgenic cotton is approved for planting. Risk assessments for import of U.S.-approved transgenic corn, soy and canola varieties have been underway for the past year and are expected to be completed before April 2004 when interim regulations expire. Chinese researchers reportedly have developed a pest-resistant Bt rice variety but so far have not received authorization to release it for planting.

Wheat

Production and Stocks

The preliminary official figure for wheat output in MY03 is about 86 mmt; output for MY04 is forecast slightly lower. Winter wheat production accounts for about 95 percent of total wheat output. Despite the government's efforts to encourage more wheat planting, farmers in major winter wheat production region continued to switch to more profitable cash crops such as cotton and oilseeds. According to official data, winter wheat acreage in MY04 is unchanged or slightly lower than previous year. Although higher than the year before, MY03 yields were reduced by both drought in summer and excessive rain at harvest; preliminary surveys indicate that because of late planting MY04 yields will not exceed MY03.

The quality of domestic wheat varieties has improved substantially over the past several years through government breeding support programs. The government will invest more in setting up demonstration wheat farms and seed production bases in the coming years. Although total wheat acreage has fallen, the share of high quality wheat acreage grew to about 30 percent of MY03 acreage from 20 percent in MY02 because of government incentives to seed distributors as well as rising market demand.

Still a state secret, stocks are estimated to be at the lowest level in years with the decline expected to continue. MY04 ending stocks are forecast to be less than half of MY02 ending stocks. The state-held wheat reserve is reportedly extremely low.

Consumption

As discussed in the previous annual report, overall wheat consumption has plummeted in the past decade as consumer incomes have risen and diets become more varied. Per capita urban household total grain purchases fell from 130.7 kg in 1990 to 78.5 kg in 2002; per capita rural household wheat consumption fell 7 percent in just two years, from 2000 to 2002. How much farther per capita consumption will fall will depend on the extent to which increased consumption of bread and cakes by urban consumers will offset the drop in consumption of traditional wheat products.

Demand for specialized gluten content wheat has been driven up steadily over the past years as breads and cakes are gaining popularity.

Trade

Despite declining consumption, demand continues to exceed domestic production and MY03 imports will be the highest in several years. Tight supplies and domestic wheat price hikes will boost the competitiveness of imported wheat in MY04, although high ocean freight rates may limit import growth. In addition to market forces, political concerns also may influence

government purchases; recent contracts for U.S. wheat coincided with a Sino-U.S. summit meeting in Washington.

China has committed to purchase about 3 mmt in 2004 from Australia, Canada and the United States. Some of this wheat will enter the state grain reserve system, according to trade source.

Currently China is a net wheat exporter, exporting mostly feed wheat. Since late 2001, nearly 20 mmt of old feed-grade wheat has been discharged from the state grain reserve system. As domestic supplies tighten and prices rise, the government has suspended the release of reserve system feed wheat, resulting in a sharp drop in the feed wheat export forecast for MY04.

Although late in 2002 it shipped wheat flour to southern neighbouring countries, China's wheat flour exports are not expected to grow significantly.

In 2003, the fill rate for the wheat TRQ was only 5 percent, according to trade data. To overcome problems with allocations too small to be economically viable, several private end users in southern China pooled their individual quotas and purchased a full vessel of wheat in 2003. TRQ allocation information is not published, but market sources report some 2004 allocations have been made for larger quantities than in the past. The wheat TRQ for CY04 is set at 9.936 mmt.

As noted in the previous annual report, TCK –related phytosanitary restriction still dampen traders' enthusiasm in bringing U.S. Pacific Northwest wheat to China, especially Northern China, despite a 1999 bilateral agreement to eliminate them.

Tables

PSD Table						
Country	China, Peoples Republic of					
Commodity	Wheat				(1000 HA)(1000 MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		07/2002		07/2003		07/2004
Area Harvested	23910	23910	22300	22000	0	21780
Beginning Stocks	76588	80330	60385	62427	43185	43677
Production	90290	90290	87000	85700	0	85200
TOTAL Mkt. Yr. Imports	425	425	2000	2500	0	4000
Jul-Jun Imports	425	425	2000	2500	0	4000
Jul-Jun Import U.S.	89	100	0	1100	0	2000
TOTAL SUPPLY	167303	171045	149385	150627	43185	132877
TOTAL Mkt. Yr. Exports	1718	1718	1700	2000	0	400
Jul-Jun Exports	1718	1718	1700	2000	0	400
Feed Dom. Consumption	6500	8000	6000	6000	0	3500
TOTAL Dom. Consumption	105200	106900	104500	104950	0	103600
Ending Stocks	60385	62427	43185	43677	0	28877
TOTAL DISTRIBUTION	167303	171045	149385	150627	0	132877

China Average Wheat (Grade2) Wholesale Price		
(Renminbi Per Metric Ton, USD 1.00 = RMB 8.27)		
	Producing Region/1	Consuming Region/2
National Average		
December (2002)	1,130	1,143
January (2003)	1,104	1,133
February	1,093	1,135
March	1,103	1,147
April	1,108	1,157
May	1,093	1,157
June	1,080	1,140
July	1,048	1,140
August	1,065	1,147
September	1,135	1,153
October	1,125	1,150
November	1,253	1,310
December	1,407	1,563
/1 Heilongjiang, Shandong, Henan, Shanxi		
/2 Beijing, Tianjin, Fujian		
Source: China National Grain and Oils Information Center		

China's Wheat Imports By Origin, MY 2002/2003 (1,000 Metric Tons)					
Country	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Total
Canada	73	12	64	59	208
United States	14	38	21	14	87
Australia	35	4	3	3	45
Japan	3	4	3	3	14
South Korea	2	3	3	1	10
Nepal	1	2	0	1	3
Italy	1	1	1	0	3
Thailand	0	1	1	0	2
United Kingdom	0	0	0	0	1
All others	1	1	1	1	3
Grand Total	132	64	97	82	375
China's Wheat Imports By Origin, MY 2003/2004 (1,000 Metric Tons)					
Country	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Total
United States	69	116	0	0	185
Canada	85	1	0	0	86
Japan	3	4	0	0	7
South Korea	2	2	0	0	5
Australia	2	3	0	0	5
Italy	1	1	0	0	2
Thailand	0	1	0	0	1
Nepal	1	0	0	0	1
United Kingdom	0	0	0	0	1
Singapore	0	0	0	0	0
All Others	1	0	0	0	1
	0	0	0	0	0
Grand Total	164	129	0	0	293
Source: China Customs					
HS Codes: 10011000,10019010,10019090,11010000,19021900,19023030, 19023090, 19024000					

China's Wheat Exports By Destination, MY 2002/2003 (1,000 Metric Tons)					
Country	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Total
South Korea	176	52	136	202	565
Indonesia	39	86	35	52	212
Hong Kong	42	41	47	39	169
Philippines	0	2	11	148	160

Vietnam	0	8	52	92	153
North Korea	17	24	69	34	144
Myanmar(Burma)	2	3	6	6	16
Japan	2	3	5	4	14
Canada	2	3	2	3	10
All others	21	25	22	23	91
Grand Total	302	246	384	602	1,534

China's Wheat Exports By Destination, MY 2003/2004 (1,000 Metric Tons)

Country	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Total
South Korea	343	229	0	0	573
Philippines	128	367	0	0	496
Vietnam	112	43	0	0	155
Indonesia	31	122	0	0	153
Hong Kong	41	49	0	0	90
Bangladesh	26	51	0	0	78
North Korea	18	42	0	0	60
Sri Lanka	0	27	0	0	27
Yemen	0	26	0	0	26
Japan	15	8	0	0	23
All Others	34	67	0	0	101
Grand Total	749	1,032	0	0	1,781
Source: China Customs					
HS Codes: 10011000,10019010,10019090,11010000,19021900,19023030,					
19023090, 19024000					

CHINA'S WHEAT IMPORTS BY MONTH

(1,000 Metric Tons)	2000	2001	2002	2003	2004
January	115	16	172	40	
February	55	57	27	4	
March	120	28	16	54	
April	173	84	156	46	
May	180	7	38	31	
June	55	8	57	5	
July	114	34	50	5	
August	42	18	17	47	
September	37	71	64	112	
October	14	26	40	16	
November	30	201	17	34	
December	9	222	7	79	

JAN-DEC TOTAL	944	772	661	473	
	(00/01)	(01/02)	(02/03)	(03/04)	
JUL-JUN MY TOTAL	446	1,038	375	293	1/
1/ year to date					
Source: PRC Customs					
HS Code: 1001.1000, 1001.9010, 1001.9090, 1101.0000, 1902.1900, 1902.3030, 1902.3090, and 1902.4000					

CHINA'S WHEAT EXPORTS BY MONTH (1,000 Metric Tons)					
	2000	2001	2002	2003	2004
January	22	24	56	86	
February	15	32	173	133	
March	31	41	71	166	
April	28	34	107	104	
May	27	66	98	308	
June	43	81	177	191	
July	35	106	101	232	
August	34	113	114	240	
September	31	135	87	291	
October	32	57	120	422	
November	32	115	41	195	
December	26	125	85	417	
JAN-DEC TOTAL	357	929	1,230	2,785	
	(00/01)	(01/02)	(02/03)	(03/04)	
JUL-JUN MY TOTAL	468	1,333	1,536	1,797	1/
1/ year to date					
Source: PRC Customs					
HS Code: 1001.1000, 1001.9010, 1001.9090, 1101.0000,					
1902.1900, 1902.3030, 1902.3090, and 1902.4000					

Corn

Production and Stocks

Corn planted area for MY04 should be slightly higher than in MY03. Although domestic corn prices rose last fall, the increase in prices of competing cash crops such as cotton, groundnuts and soybean far outpaced that for corn, so without unprecedented incentives area planted is unlikely to increase. The government's efforts to increase total grain output so far appear to focus more on wheat and rice than corn. Prior to the 2003 fall harvest, when corn market prices rose on prospects of much lower production, the government set the floor price for corn only five percent higher than the previous year, well below the market price. The support price in MY04 also is lower than the actual market price.

There are no official figures on China's corn stock level. Some sources believe that a quarter of annual production is a level for corn stocks that the government can support, but barring a drastic change in market conditions MY03 ending stocks will fall below this level and MY04 ending stocks even lower.

Consumption

China's feed sector continues steady growth. The sector recovered quickly in the second half of 2003 after SARS was contained in China. The availability of feed wheat in the past two years reduced the feed demand for corn to some extent. Previous estimates of corn consumption might underestimate the substitute effects of feed wheat and even feed rice for corn.

Industrial corn use is on the rise as investment in both dry and wet-milling capacity has increased. An estimated ten million tons of corn were used for starch production in 2003.

Trade

China corn exports in the last quarter of 2003 reached a record high of 5.67 mmt. So far, the government has made no new policy announcements on corn export policy for 2004. As corn stocks have fallen to a great extent, there is good reason to believe central government subsidy of corn exports will stop in 2004, although it is possible that provincial governments in the Northeast may continue to support corn exports. Soaring trans-Pacific freight rates increase Chinese corn competitiveness over U.S. and Argentine product in South Korea and Japan.

These same high freight rates from North and South America may limit China's willingness to import corn to southern regions where supplies are expected to become very tight before the fall harvest. If freight rates fall or domestic prices rise sharply, imports to the South may be economically feasible in MY03.

Significant corn imports are far more likely in MY04, assuming ocean freight rates return to historical levels, as stocks are depleted and consumption continues to exceed production. Although the need for grain self-sufficiency remains a subject of debate within the government, feed grain self-sufficiency is politically less important than food grain self-sufficiency, so programs to increase output are more likely to target rice and wheat than corn.

Even with tight supplies, it is expected that for local political reasons China will continue to export some corn from the Northeast in MY04, while simultaneously importing in the South.

Tables

PSD Table						
Country	China, Peoples Republic of					
Commodity	Corn				(1000 HA)	(1000 MT)
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		10/2002		10/2003		10/2004
Area Harvested	24634	24630	23800	24010	0	24250
Beginning Stocks	63403	63403	42988	44989	19988	23689
Production	121300	121300	114000	113500	0	119000
TOTAL Mkt. Yr. Imports	29	29	100	100	0	2000
Oct-Sep Imports	29	29	100	100	0	2000
Oct-Sep Import U.S.	0	0	0	50	0	1000
TOTAL SUPPLY	184732	184732	157088	158589	19988	144689
TOTAL Mkt. Yr. Exports	15244	15243	8000	8000	0	2000
Oct-Sep Exports	15244	15243	8000	8000	0	2000
Feed Dom. Consumption	93000	91000	94000	91500	0	92000
TOTAL Dom. Consumption	126500	124500	129100	126900	0	128200
Ending Stocks	42988	44989	19988	23689	0	14489
TOTAL DISTRIBUTION	184732	184732	157088	158589	0	144689

China's Average Corn Wholesale Prices		
(Renminbi Per Metric Ton, USD 1.00 = RMB 8.27)		
	Producing Region/1	Consuming Region/2
National Average		
December (2002)	990	1,054
January (2003)	980	1,105
February	981	1,080
March	991	1,078
April	993	1,097
May	984	1,108
June	986	1,105
July	979	1,100
August	991	1,108
September	981	1,118
October	983	1,140
November	1,125	1,300
December	1,125	1,298
/1 Heilongjiang, Jilin, Shandong, Henan		
/2 Tianjin, Fujian, Jiangxi, Hubei		
Source: China National Grain and Oils Information Center		

China's Corn Imports By Origin, MY 2002/2003 (Metric Tons)					
Country	Oct-Dec	Jan-Apr	May-Jun	Jul-Sep	Total
Peru	36	0	0	0	36
United States	4	0	0	14	18
India	6	2	1	0	10
Myanmar(Burma)	5	2	0	0	7
Australia	0	0	4	4	7
United Kingdom	4	2	0	0	6
Germany	0	5	0	0	6
Argentina	0	0	4	0	4
France	0	3	0	0	3
Japan	0	0	2	0	2
All others	0	0	0	0	0
Grand Total	56	15	13	18	101
Source: China Customs					
HS Codes: 10051000,10059000					
China's Corn Imports By Origin, MY 2003/2004 (Metric Tons)					
Country	Oct-Dec	Jan-Apr	May-Jun	Jul-Sep	Total
Peru	34	0	0	0	34
Myanmar(Burma)	20	0	0	0	20
United States	20	0	0	0	20
Chile	0	0	0	0	0
France	0	0	0	0	0
Argentina	0	0	0	0	0
Vietnam	0	0	0	0	0
India	0	0	0	0	0
Japan	0	0	0	0	0
All Others	0	0	0	0	0
	0	0	0	0	0
Grand Total	74	0	0	0	74
Source: China Customs					
HS Codes: 10051000,10059000					

China's Corn Exports By Destination, MY 2002/2003 (Metric Tons)					
Country	Oct-Dec	Jan-Apr	May-Jun	Jul-Sep	Total
South Korea	2,425,034	1,789,195	1,231,132	1,852,619	7,297,980
Malaysia	661,398	501,384	602,835	562,960	2,328,578
Indonesia	614,784	401,620	268,856	238,342	1,523,603
Iran	50,584	392,019	279,561	677,561	1,399,725
Japan	177,453	169,298	167,686	384,213	898,650
South Africa	185,666	268,003	0	0	453,669
Vietnam	13,000	149,440	102,240	69,449	334,129
North Korea	13,336	8,700	17,153	105,553	144,741
Zimbabwe	126,554	0	0	0	126,554
Sri Lanka	33,799	21,717	47,109	16,447	119,073
Egypt	0	52,913	0	58,520	111,433
Bangladesh	66,202	21,252	0	22,321	109,775
Hong Kong	23,836	18,385	22,961	22,973	88,155
Taiwan	23,979	47,055	0	0	71,033
All Others	108,957	90,625	22,443	14,381	236,407
Grand Total	4,524,583	3,931,606	2,761,977	4,025,339	15,243,504
Source: China Customs					
HS Codes: 10051000,10059000					
China's Corn Exports By Destination, MY 2003/2004 (Metric Tons)					
Country	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Total
Korea, South	3,163,947				3,163,947
Malaysia	796,975				796,975
Indonesia	696,501				696,501
Japan	588,609				588,609
Iran	251,858				251,858
Philippines	37,999				37,999
Sri Lanka	33,366				33,366
Vietnam	28,367				28,367
United Arab Emirates	21,399				21,399
Yemen	20,497				20,497
Hong Kong	19,158				19,158
All Others	11,854				11,854
Grand Total	5,670,530				5,670,530
Source: China Customs					
HS Codes: 10051000,10059000					

CHINA'S CORN IMPORTS BY MONTH						
(Metric Tons)						
	1999	2000	2001	2002	2003	2004
January	18	0	18	2,449	4	
February	17	43	271	378	3	
March	18	42	901	3,237	7	
April	1	14	8,938	42	11	
May	58	2	2,215	23	2	
June	20,012	63	2,301	6	1	
July	50,079	79	716	2		
August	0	3	7,384	55	4	
September	0	80	7,156	75	14	
October	0	0	312	21	0	
November	0	60	4,328	19	54	
December	41	0	1,569	15	20	
JAN-DEC TOTAL	70,244	386	36,109	6,322	120	
	(99/00)	(00/01)	(01/02)	(01/02)	(02/03)	
OCT-SEP MY TOTAL	367	29,960	12,476	101	74	1/
1/ year to date						
HS Code: 1005.1000, 1005.9000						
Source: PRC Customs						

CHINA'S CORN EXPORTS BY MONTH					
(Metric Tons)					
	2000	2001	2002	2003	2004
January	210,003	607,625	229,842	570,290	
February	589,488	745,158	770,204	1,765,212	
March	1,219,532	938,043	1,100,590	1,596,104	
April	530,920	251,214	855,122	551,026	
May	350,985	469,940	271,409	392,106	
June	962,939	124,939	257,892	1,818,844	
July	1,557,699	505,799	1,034,190	1,446,253	
August	1,582,611	345,695	1,652,001	1,182,624	
September	740,849	547,941	977,675	1,396,462	
October	914,163	327,458	1,268,340	1,531,617	
November	832,127	471,514	1,349,379	858,522	
December	993,483	662,658	1,906,864	3,280,392	
JAN-DEC TOTAL	10,484,799	5,997,984	11,673,508	16,389,452	
	(00/01)	(01/02)	(02/03)	(03/04)	
OCT-SEP MY TOTAL	7,276,127	8,610,555	15,243,504	5,670,531	1/
1/ year to date					
HS Code: 1005.1000, 1005.9000					
Source: PRC Customs					

Rice

Production

Because of the option to double or even triple crop in many areas, rice is the only grain with potential for a significant increase in planted area and production. Farmers in southern China are forecast to increase rice acreage in MY04; the overall national increase, however, likely will not exceed 5 percent overall because of the higher profitability and lower labor requirements of other cash crops. For example rice prices rose about 30 percent in 2003, but cotton prices rose 50 percent. Many farmers have been forced to seek labor in the cities in the past several years, reducing the rural labor supply.

Consumption

Generally speaking, consumers eat less rice as their incomes rise, except the poorest sectors of the population who switch to higher-priced rice from coarse grains or tubers. The use of rice as livestock feed, especially low-quality or older stocks, increased in 2003 as supplies of other feed grains like corn were short. Feeding of rice is more likely at the household level rather than at large-scale commercial enterprises, hence is difficult to quantify. An estimated 80 percent of China's pigs and poultry are raised by individual households.

Trade

The rice TRQ for 2004 is set at 5.32 mmt including long grain and short grain varieties. China's actual rice imports in 2003 filled less than 6 percent of the quota. Most rice imports are fragrant rice from Thailand, preferred by affluent consumers in southern coastal provinces. Due to the improving quality of domestic fragrant varieties, demand for Thai fragrant rice is unlikely to grow quickly despite the Thai government's promotion activities.

China's rice exports for MY04 are forecast to drop significantly from the previous year. Although there is no hard proof, there is anecdotal information of past government export assistance to move surplus rice overseas rather than add it to stocks. Presumably, lower production will make such exports less necessary in MY04. The drop in government-financed exports will affect indica varieties of low and average quality traditionally shipped to Africa; profitable commercial exports of higher-quality japonica varieties for its northern neighbouring countries will be unaffected.

China's research on breeding of traditional rice varieties has been very successful and yields and quality have improved considerably over the years. Chinese researchers reportedly have developed a transgenic pest-resistant Bt rice variety but so far have not received authorization to release it for planting.

Tables

PSD Table						
Country	China, Peoples Republic of					
Commodity	Rice, Milled					
	(1000 HA)(1000 MT)					
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	01/2003			01/2004		01/2005
Area Harvested	28200	28200	27300	27070	0	28400
Beginning Stocks	82167	82071	67272	66910	46772	46450
Milled Production	122180	122180	116500	116070	0	121800
Rough Production	174543	174543	166429	165814	0	174000
MILLING RATE (.9999)	7000	7000	7000	7000	0	7000
TOTAL Imports	225	259	250	270	0	270
Jan-Dec Imports	225	259	250	270	0	270
Jan-Dec Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	204572	204510	184022	183250	46772	168520
TOTAL Exports	2500	2600	2250	1400	0	1200
Jan-Dec Exports	2500	2600	2250	1400	0	1200
TOTAL Dom. Consumption	134800	135000	135000	135400	0	135700
Ending Stocks	67272	66910	46772	46450	0	31620
TOTAL DISTRIBUTION	204572	204510	184022	183250	0	168520

China's Average Retail Rice Price		
(Renminbi Per Metric Ton, USD 1.00 = RMB 8.27)		
Month	Milled Indica	Milled Indica
National Average	Grade 1	Grade 1
	Producing Region /1	Consuming Region/2
December (2002)	1,450	1,580
January (2003)	1,450	1,580
February	1,430	1,630
March	1,440	1,600
April	1,440	1,620
May	1,440	1,600
June	1,440	1,610
July	1,440	1,600
August	1,470	1,590
September	1,480	1,590
October	1,490	1,610
November	1,470	1,770
December		1,800
/1 Zhejiang, Anhui, Fujian		
/2 Guangdong, Guangxi		
Source: China National Grain and Oils Information Center		

China's Rice Imports by Origin, MY 2003 (Metric Tons)					
Country	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
Thailand	135,974	41,739	15,794	64,913	258,420
Vietnam	0	0	67	50	117
Uruguay	0	21	0	0	21
Japan	0	5	0	0	5
South Korea	1	0	1	0	2
Italy	0	0	2	0	2
Netherlands	2	0	0	0	2
Taiwan	0	0	1	0	1
United States	0	0	0	0	0
India	0	0	0	0	0
Australia	0	0	0	0	0
Philippines	0	0	0	0	0
Grand Total	135,977	41,765	15,865	64,964	258,570

Source: China Customs

China's Rice Exports By Destination, MY 2003 (Metric Tons)					
Country	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
Cote d'Ivoire	153,877	284,012	321,650	256,372	1,015,912
Russia	72,115	67,224	69,605	57,782	266,725
Papua New Guinea	1,590	23,641	51,537	62,014	138,782
Japan	62,274	25,237	10,374	32,055	129,940
Indonesia	50,102	12,223	50,857	12,574	125,756
North Korea	35,733	25,110	29,823	24,394	115,060
South Korea	35,248	44	0	52,000	87,292
Puerto Rico	13,000	26,010	13,000	30,000	82,010
Turkey	0	18,500	23,463	28,757	70,720
Tanzania	5,008	0	33,110	23,792	61,911
Ukraine	0	14,507	15,000	12,500	42,007
Nigeria	0	2,011	38,051	1,720	41,782
All Others	133,775	78,319	77,040	134,189	423,322
Grand Total	562,723	576,836	733,511	728,149	2,601,218

Source: China Customs

CHINA'S MONTHLY RICE IMPORTS				
(Metric Tons, Milled Basis)				
	2000	2001	2002	2003
				Year-to-Date
January	16,771	45,834	14,139	98,410
February	1,675	19,676	520	16,494
March	19,627	18,482	5,311	21,073
April	4,994	11,452	6,100	24,334
May	5,054	6,360	37,890	9,134
June	3,374	10,658	38,864	8,298
July	69,587	14,645	28,455	4,140
August	5,260	17,517	10,420	9,304
September	9,943	23,579	19,040	2,420
October	6,597	17,323	4,575	1,564
November	21,634	23,970	16,389	5,608
December	74,082	75,795	56,165	57,791
TOTAL	238,599	285,290	237,868	258,570
HS Codes: 1006.1011, 1006.1019, 1006.1091, 1006.1099, 1006.2010, 1006.2090				
1006.3010, 1006.3090, 1006.4010, 1006.4090				

CHINA'S MONTHLY RICE EXPORTS				
(Metric Tons, Milled Basis)				
	2000	2001	2002	2003
				Year-to-Date
January	185,408	118,568	113,566	130,927
February	374,044	118,544	128,683	308,149
March	257,160	130,057	112,122	123,646
April	257,111	225,259	85,502	128,447
May	156,935	115,528	62,387	134,786
June	289,818	199,023	153,893	313,603
July	320,028	176,445	121,934	247,723
August	309,220	111,027	242,846	232,264
September	208,207	138,345	290,741	254,522
October	228,346	114,068	203,786	200,678
November	208,859	150,179	135,495	294,217
December	161,311	265,454	332,127	233,253
TOTAL	2,956,447	1,862,497	1,983,082	2,601,218
HS Codes: 1006.1011, 1006.1019, 1006.1091, 1006.1099, 1006.2010, 1006.2090				
1006.3010, 1006.3090, 1006.4010, 1006.4090,				
Source: PRC Customs				

Barley

Overview

No official figures are available so far for MY03 barley production. Industry sources believe total barley production will rise in MY04, mainly because of increased malting barley production. Consumption of feed barley, about half of total production, has been stable.

China reportedly became the world's number one beer producer in 2003; production is estimated at 24.5 mmt. Imports account for more than half of malting barley use. In response to global shortage of malting barley in 2002, China's malting barley acreage and production has increased in the past two years. The trend will continue in MY04. High prices for imported barley have led brewers not only to use more domestic barley but also to use more other grains such as rice and wheat.

Although the brewing sector continues to grow, high global price are expected to limit growth in barley imports.

Tables

PSD Table						
Country	China, Peoples Republic of					
Commodity	Barley				(1000 HA)(1000 MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		10/2002		10/2003		10/2004
Area Harvested	725	914	645	950	0	955
Beginning Stocks	532	255	390	251	190	197
Production	2470	3322	2200	3400	0	3450
TOTAL Mkt. Yr. Imports	1792	1792	2000	1900	0	1950
Oct-Sep Imports	1792	1792	2000	1900	0	1950
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	4794	5369	4590	5551	190	5597
TOTAL Mkt. Yr. Exports	4	4	0	4	0	6
Oct-Sep Exports	4	4	0	4	0	6
Feed Dom. Consumption	1000	1480	900	1400	0	1400
TOTAL Dom. Consumption	4400	5114	4400	5350	0	5430
Ending Stocks	390	251	190	197	0	161
TOTAL DISTRIBUTION	4794	5369	4590	5551	0	5597

China's Barley Imports By Origin, MY 2002/2003(Metric Tons)					
Country	Oct-Dec	Jan-Mar	Apr-June	Jul-Sep	Total
Australia	514,531	249,592	317,873	41,008	1,123,004
France	35,210	170,118	337,662	26,097	569,087
Denmark	0	0	21,926	32,521	54,448
Canada	1,988	26,442	17,100	0	45,530
United States	0	0	0	0	0
Lebanon	0	0	0	0	0
Grand Total	551,730	446,151	694,561	99,626	1,792,068
Source: China Customs					
HS Codes: 10030010,10030090					
China's Barley Imports By Origin, MY 2003/2004(Metric Tons)					
Country	Oct-Dec	Jan-Mar	Apr-June	Jul-Sep	Total
France	76,058	0	0	0	76,058
Australia	23,163	0	0	0	23,163
Canada	23,066	0	0	0	23,066
United States	0	0	0	0	0
Denmark	0	0	0	0	0
Grand Total	122,288	0	0	0	122,288
Source: China Customs					
HS Codes: 10030010,10030090					

China's Barley Exports By Destination, MY 2002/2003(Metric Tons)					
Country	Oct-Dec	Jan-Mar	Apr-June	Jul-Sep	Total
North Korea	250	3	1,196	837	2,286
Japan	0	16	1,551	0	1,567
South Korea	0	0	129	243	372
Taiwan	0	60	0	0	60
Philippines	0	0	39	0	39
Vietnam	4	0	0	0	4
Hong Kong	0	0	3	0	3
Malaysia	0	0	1	0	1
Thailand	0	1	0	0	1
Canada	0	0	0	0	0
Grand Total	254	80	2919	1081	4333
HS Codes: 10030010,10030090					
China's Barley Exports By Destination, MY 2003/2004(Metric Tons)					
Country	Oct-Dec	Jan-Mar	Apr-June	Jul-Sep	Total
South Korea	477	0	0	0	477
Vietnam	5	0	0	0	5
Japan	2	0	0	0	2
Malaysia	0	0	0	0	0
North Korea	0	0	0	0	0
Philippines	0	0	0	0	0
Hong Kong	0	0	0	0	0
Taiwan	0	0	0	0	0
Thailand	0	0	0	0	0
Grand Total	485	0	0	0	485
HS Codes: 10030010,10030090					

Sorghum

Overview

No official figure are available for China's sorghum production for MY03. Sorghum in China is mainly used for making alcohol. Acreage and output for MY04 are forecast to be basically unchanged from the previous year. In the past ten years, sorghum area has trended down, but has risen in drought-affected regions.

Tables

PSD Table						
Country	China, Peoples Republic of					
Commodity	Sorghum				(1000 HA)	(1000 MT)
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		10/2002		10/2003		10/2004
Area Harvested	750	843	710	840	0	820
Beginning Stocks	156	161	80	143	55	57
Production	2710	3327	2500	3300	0	3300
TOTAL Mkt. Yr. Imports	2	2	0	4	0	4
Oct-Sep Imports	2	2	0	4	0	4
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	2868	3490	2580	3447	55	3361
TOTAL Mkt. Yr. Exports	88	88	25	80	0	80
Oct-Sep Exports	88	88	25	80	0	80
Feed Dom. Consumption	725	765	750	775	0	730
TOTAL Dom. Consumption	2700	3259	2500	3310	0	3150
Ending Stocks	80	143	55	57	0	131
TOTAL DISTRIBUTION	2868	3490	2580	3447	0	3361

China's Sorghum Imports By Origin, MY 2002/2003(Metric Tons)					
Country	Oct-Dec	Jan-Mar	Apr-June	Jul-Sep	Total
Myanmar(Burma)	1,252	275	0	0	1,527
Australia	262	0	0	0	262
India	0	0	20	0	20
Japan	0	0	0	0	0
Uruguay	0	0	0	0	0
Brazil	0	0	0	0	0
Mexico	0	0	0	0	0
Argentina	0	0	0	0	0
United States	0	0	0	0	0
Grand Total	1,514	275	20	0	1,809
Source: China Customs					
HS Codes: 10070010,10070090					
China's Sorghum Imports By Origin, MY 2003/2004(Metric Tons)					
Country	Oct-Dec	Jan-Mar	Apr-June	Jul-Sep	Total
Myanmar(Burma)	1,313	0	0	0	1,313
Australia	103	0	0	0	103
India	0	0	0	0	0
Japan	0	0	0	0	0
Grand Total	1,416	0	0	0	1,416
Source:China Customs					
HS Codes:10070010,10070090					

China's Sorghum Exports By Destination, MY 2002/2003(Metric Tons)					
Country	Oct-Dec	Jan-Mar	Apr-June	Jul-Sep	Total
Japan	193	21,163	16,008	10,199	47,562
Taiwan	6,749	6,109	8,163	11,511	32,532
South Korea	1,354	1,162	778	552	3,846
Philippines	800	1,144	235	402	2,581
Kuwait	63	0	63	200	326
Saudi Arabia	84	0	84	84	252
Malaysia	106	15	15	33	168
South Africa	0	122	20	1	143
Germany	0	66	44	23	133
Hong Kong	40	0	0	0	40
Lebanon	0	0	24	0	24
All others	4	17	73	46	141
Grand Total	9,393	29,798	25,508	23,050	87,749
Source: China Customs					
HS Codes: 10070010,10070090					
China's Sorghum Exports By Destination, MY 2003/2004(Metric Tons)					
Country	Oct-Dec	Jan-Mar	Apr-June	Jul-Sep	Total
Japan	19,563	0	0	0	19,563
Taiwan	8,011	0	0	0	8,011
South Korea	2,158	0	0	0	2,158
Philippines	1,196	0	0	0	1,196
Malaysia	109	0	0	0	109
South Africa	73	0	0	0	73
United Kingdom	23	0	0	0	23
Germany	22	0	0	0	22
Portugal	22	0	0	0	22
United States	4	0	0	0	4
Bahrain	0	0	0	0	0
All others	0	0	0	0	0
Grand Total	31,179	0	0	0	31,179
Source: China Customs					
HS Codes: 10070010,10070090					